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ABSTRACT

Ninth in a series of reports which compile and interpret statistical information of direct concern to life insurance executives, this report deals with senior citizens, defined as persons 65 years and over. Examined are social and economic characteristics. Trends in the older population's growth, morality, educational attainment, residence, living arrangements, labor force participation, health, and income are presented. Implications of the statistics for life insurance companies are raised. The report also provides a summary of the statistics. For example, the population 65 years and older grew twice as fast as the general U.S. population between 1960 and 1980. The ratio of older people to the whole population in 2030 could range from about 1 in 8 persons to slightly more than 1 in 5. Most elderly persons live in family households but the number of older women living alone almost doubled from 2.9 million in 1965 to 5.6 million in 1979. Central and Northeastern states had the highest proportions of older residents in 1980. In 2030, the ratio of older people to working-age people will be over twice as great as it was in 1950. One of the most significant trends among the older population over the past two decades has been the improvement in their financial well-being. Between 1959 and 1980, the median incomes of both older men and women rose at a greater pace than the income of men and women in the general population. (RM)

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OLDER AMERICANS

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DataTrack 9

Older Americans

The life insurance product and business are deeply intertwined with a great many aspects of American life. Changes in society will continue to have a definite impact on the future of the business. *DataTrack* provides concise measures of these trends over several decades. Each issue compiles data from a variety of sources, mainly government, on one particular subject of interest to life insurance executives.

DataTrack 9 reviews the changes in the American population 65 years and older over the past two decades. Trends in the older population's growth, mortality, educational attainment, residence, living arrangements, labor force participation, health, and income are presented in the report. Implications of an aging population are raised for consideration by life insurance companies.

DataTrack has various applications in life insurance businesses:

- General information sources for decision makers in advertising, corporate planning, and marketing.
- Training or educational resources for agents, managers and others.
- Background for speeches, written reports and company publications.
- Public relations material.

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SUMMARY

The changing age structure of the population is one of the most important—and foreseeable—demographic trends that will shape society in the next five decades. *DataTrack 9* looks specifically at the diversity and change among the older population, defined in this report as persons 65 years and over. In planning for future changes in products and services, life insurance companies may wish to consider the implications of the following *DataTrack 9* highlights on their business:

Social Characteristics

- The population 65 years and older grew twice as fast as the general U.S. population between 1960 and 1980.
- The ratio of older people to the whole population in 2030 could range from about 1 in 8 persons to slightly more than 1 in 5.
- The age group 85 years and over is expanding especially quickly, up from 0.9 million in 1960 to 2.2 million in 1980—a gain of over 141%.
- The death rates for women and men over the age of 65 fell considerably over the last four decades but death rates for older women declined at a faster pace than those for older men. Consequently, the difference between older men's and women's mortality rates continues to widen.
- Recently, gains in life expectancy at age 65 have outpaced gains at birth, a reversal of earlier trends. Between 1968 and 1979, the life expectancy of a newborn child rose only 5% compared to a 14% increase in life expectancy for a 65-year-old.
- The educational attainment of the older population, while still below that of the general population, is higher today than in the past.
- Older men are most likely to be married while older women are most likely to be widowed.
- Most elderly persons live in family households but the number of older women living alone almost doubled from 2.9 million in 1965 to 5.6 million in 1979. In fact, in 1979 older women were more likely to be living alone (41%) than with a spouse (37%), a situation quite the opposite of that for men.
- Central and Northeastern states had the highest proportions of older residents in 1980.
- Between 1970 and 1978, the metropolitan central city elderly population declined while older populations in the suburbs and in nonmetropolitan areas increased.

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- The number of older men in the labor force has declined over the past several decades, despite the increase in the older population in general. Fewer than 2 in 10 men 65 years and over were in the labor force in 1980 compared to about 5 in 10 in 1950.
- Older workers are more apt to be on part-time schedules and their likelihood of working part-time has increased over the past few decades.
- In 2030, the ratio of older people to working-age people will be over twice as great as it was in 1950.
- Surveys of the health status of the population dispel stereotypes of elderly persons as "frail" or "sickly." About 6 in 10 persons 65 years and older in 1980 described their health as "good" or "excellent."
- While the number of older Americans in nursing homes is on the rise, such persons represent only a very small proportion of persons 65 years and older—3.8% in 1977.

Economic Characteristics

- One of the most significant trends among the older population over the past two decades has been the improvement in their financial well-being. Between 1959 and 1980, the median incomes of both older men and older women rose at a greater pace than the incomes of men and women in the general population.
- Despite the improvement in the economic status of many elderly persons over the last 20 years, approximately 1 of every 6 Americans over the age of 65 lives in poverty.
- Social Security is the most frequently tapped income source among older people, but it provides considerably less income per person than most other sources.

SOCIAL CHARACTERISTICS

1. The older population grew twice as fast as the U.S. population as a whole between 1960 and 1980.

At the beginning of this century, 1 in 25 Americans was 65 years or older; in 1960 the ratio was 1 in 11. By 1980, 1 in 9 was 65 years and over, for a total of 25.5 million persons.

The rapid increase among older persons over the last several decades is chiefly the result of the high birth rates which took place prior to World War I, the high levels of immigration during that time, and declines in mortality rates.

Projecting the *number* of older Americans for the next half century or so is initially simple since all these persons are now living. But the accuracy of such projections rests on the accuracy of the assumptions about mortality. Most projections assume that mortality rates in the future will steadily decline and do not take into account the possibility of an accelerated improvement. The future *percentage* of the whole U.S. population that is older depends on future birth rates, which are difficult to predict with much confidence. Low birth rates would result in the elderly being a larger share of the future population and high birth rates would mean older people will be a smaller proportion.

In the 21st century, when members of the post-World War II baby boom have all passed their 65th birthdays, the number of older Americans may more than double to over 55 million persons, according to Census Bureau projections. Depending on how future fertility trends affect the growth of the U.S. population over the next five decades, the ratio of older people to the whole population in 2030 could range from about 1 in 8 persons to slightly more than 1 in 5.

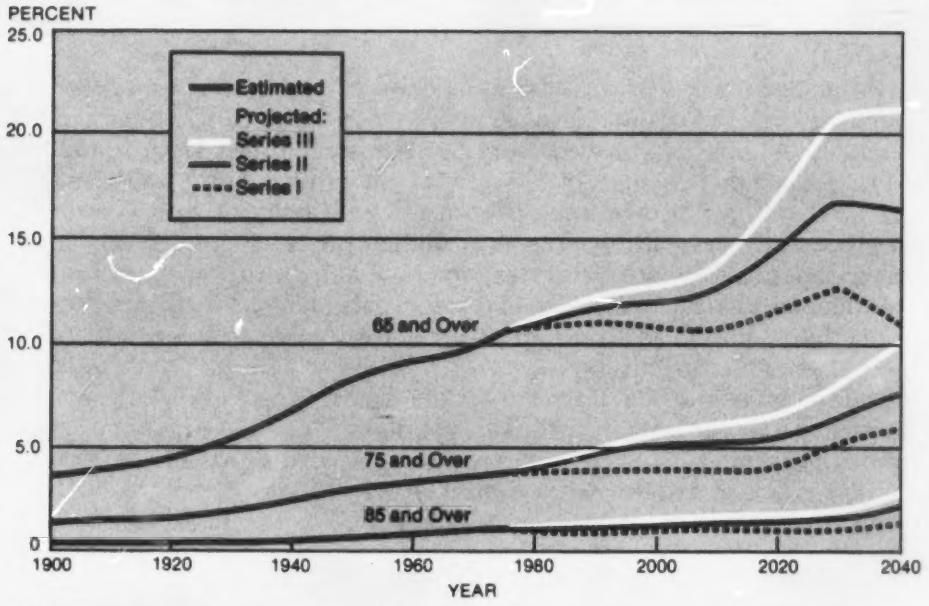
The proportion of the total population in various older age groups is traced from 1900 to 2040 in Figure 1. Note that for each age group, three different projections are presented, based on different assumptions about the average number of children a woman will bear. Despite the variation among the projections of the proportion of persons 65 years and over in the total population, three distinct stages in the future growth of the older population are noticeable in all three projections:

1) A slower growth over the next few decades as the low birth rate cohort of the Depression era reaches the age of 65;
2) A "senior boom" for several decades after 2010 as the post-World War II baby boom begins to reach the age of 65; and
3) A slowing of the growth rate again after about 2030 with the aging of the "baby bust" children born during the mid-1960s and 1970s.

Some experts feel that the Census Bureau projections of the older population may be too cautious. One study for the National Science Foundation, for example, suggests that if the prospects of survival to age 65 were enhanced by one-fourth, 23% of the population in 2025 could be 65 years or over.[1]

Figure 1.

Percent of the Total Population in the Older Ages, 1900-2040



NOTE: Estimates and projections as of July 1, except for 85 and over, 1900-1930, which relate to April 1. Points are plotted for years ending in zero except for 1975.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 59.

2. The age group 85 years and over is expanding especially quickly.

The "very old"—those 85 years and over—have increased from 0.9 million in 1960 to 2.2 million in 1980, a gain of over 141%. In general, the older the age group,[2] the faster its growth over the past two decades. Consequently, the likelihood of an older person having a surviving parent is on the rise. Increasingly common will be the existence of several generations within the elderly classification.

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[1]Theodore J. Gordon, Herbert Gerjuoy and Mark Anderson, *A Study of Life-Extending Technologies*, conducted by The Futures Group for the National Science Foundation, December 1976.

[2]From age 55 on.

The "very old," while making up only about 9% of the older population in 1980, will account for almost one-fourth of the projected growth in the older population over the next 20 years.

Table 1.

U.S. Residents, 65 Years and Older, 1960-2030

	Age		
	65-74	75-84	85 and over
1960			
Number (in 1,000s)	10,997	4,633	929
% of population	6.1	2.6	0.5
1970			
Number (in 1,000s)	12,443	6,122	1,408
% of population	6.1	3.0	0.7
1980			
Number (in 1,000s)	15,578	7,727	2,240
% of population	6.9	3.4	1.0
2000*			
Number (in 1,000s)	17,436	10,630	3,756
% of population	6.7	4.1	1.4
2030*			
Number (in 1,000s)	31,853	17,489	5,681
% of population	10.6	5.8	1.9

*According to the Series II, or mid-range, projections of the population.

SOURCE: U.S. Bureau of the Census, *U.S. Census of Population*, 1960, PC(1)1B; and *Current Population Reports*, Series P-20, No. 363.

3. Within the 65 years and older population, men are outnumbered by women by 2 to 3.

More boys are born than girls but the male population has a higher death rate than the female population at all ages. Thus, as age increases, so does the excess of women. By age 75 and over, the ratio of men to women is 1 to 2. In 1980, the sex ratio resulted in an excess of nearly 5 million women ages 65 and older (or about 20% of this age group).

Not only are there fewer men per 100 women as one advances through the life course but, among the older age groups, the ratio of men to women has declined rapidly over the past few decades. Table 2 shows that the number of men per 100 women in the age group 65 and over dropped from

82.6 in 1960 to 67.6 in 1980. The ratio for those ages 75 and above plunged from 75 per 100 to a little over 55 during the same period. For reasons not yet fully understood, women have benefited more than men from declines in death rates over the last few decades—a situation contributing to the increasing proportion of women among the older population.

Table 2.

Ratio of Men to Women, 1960-1980

	Number of Men per 100 Women		
	1960	1970	1980
U.S. resident population, all ages	97.0	94.8	94.5
Persons 65 years and older	82.6	72.0	67.6
Persons 75 years and older	75.0	63.3	55.3

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 78 and Series P-20, No. 363

4. The difference between older men's and women's death rates is large and continues to widen.

The death rates for older women and men fell considerably over the last four decades. This decline was not shared equally by men and women, as shown in Table 3. In all age groups over 65 years of age, death rates declined at a faster pace for women than for men between 1940 and 1980.

Heart disease is the number one cause of death among older persons, as it is for the entire population—far outranking any other causes. (See Table 4.) But over the past few decades, the death rates due to cardiovascular diseases decreased while those attributable to malignant neoplasms (cancer) increased.

Table 3.

Death Rates for Selected Age Groups by Sex, 1940-1980

	Deaths Per 1,000 Population Aged:			
	65-74	75-84	85 and over	Total U.S. Population
Women				
1940	42.2	103.7	227.6	9.5
1960	28.7	76.3	190.1	8.1
1980*	21.2	58.4	134.3	7.9
Men				
1940	54.6	121.3	246.4	12.0
1960	49.1	101.8	211.9	11.0
1980*	40.6	94.1	169.0	10.0

*Provisional data.

SOURCE: U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970, Part 1;* and National Center for Health Statistics, *Monthly Vital Statistics Report,* Vol. 29, No. 13.

Table 4.

Leading Causes of Death Among Persons 65 Years and Older, 1960 and 1978

	Deaths Per 100,000 Population	
	1960	1978
Diseases of the heart	2,823	2,331
Cerebrovascular diseases*	935	622
Malignant neoplasms	871	1,002
Influenza and pneumonia	233	193
Arteriosclerosis	204	115
Accidents	154	100
Diabetes mellitus	118	101
Bronchitis, emphysema, asthma	63	66
Cirrhosis of liver	36	36
Nephritis and nephrosis	41	26

*1960 data and 1978 data not exactly comparable due to changes in classification.

SOURCE: National Center for Health Statistics, *Monthly Vital Statistics Report,* Vol. 29, No. 6, Supplement (2) and *Vital Statistics of the United States, 1960,* Volume II, Mortality, Part A.

Hypothetically, if heart diseases were eradicated, an estimated 11.8 years would be added to life expectancy at birth and 11.4 years at age 65. (See Table 5.) The elimination of cancer would not add nearly as much to life expectancy: 2.5 years at birth and 1.4 years at age 65.

Most medical researchers are understandably cautious about predicting the complete elimination of major diseases, but it is thought that death rates from these causes may be reduced somewhat in the years ahead because of the amount of research that is being concentrated in this area.

Table 5.

Gain in Life Expectancy if Various Causes of Death Were Eliminated

	Gains in Years	
	At birth	At age 65
Major cardiovascular-renal diseases	11.8	11.4
Malignant neoplasms	2.5	1.4
Motor vehicle accidents	0.7	0.1
Influenza and pneumonia	0.5	0.2
Diabetes mellitus	0.2	0.2
Infective and parasitic diseases	0.2	0.1

SOURCE: U.S. Public Health Service data of life tables by cause of death for 1969-71, U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 59.

5. Recently, gains in life expectancy at age 65 have outpaced gains at birth, a reversal of earlier trends.

In the early part of this century, gains in life expectancy were rather dramatic for a newborn child but were not too significant once a person reached age 65. Table 6 shows, for example, the tremendous increase in life expectancy at birth between 1900 and 1941 with only a slight gain for persons 65 years of age. This appears to be changing. Between 1968 and 1979, the life expectancy of a newborn child rose only 5% compared to a 14% increase in life expectancy for a 65-year-old.

The difference between men's and women's life expectancy is significant and has been widening throughout this century. A 65-year-old woman at the beginning of the 20th century expected to live an average of 0.7 years longer than a man of the same age. In 1979, a woman age 65 could expect to outlive a man age 65 by 4.4 years.

Table 6.

Life Expectancy at Birth and at Age 65, 1900-1979

	Life Expectancy in Years				
	1900-1902	1939-1941	1954	1968	1978*
At birth					
Both sexes	49.2	63.6	69.6	70.2	73.8
Men	47.9	61.6	66.7	66.6	69.9
Women	50.7	65.9	72.7	74.0	77.8
Difference	2.8	4.3	5.0	7.4	7.9
At age 65					
Both sexes	11.9	12.8	14.4	14.6	16.7
Men	11.5	12.1	13.1	12.8	14.3
Women	12.2	13.6	15.7	16.3	18.7
Difference	0.7	1.5	2.2	3.5	4.4

*Provisional data.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 78 and National Center for Health Statistics, unpublished data.

One Census Bureau report on older Americans states that there is "no sound reason for expecting major increases in life expectation or any significant extension of the life span in the foreseeable future."[3] However, the Director of the National Center for Health Statistics has estimated that six years could be added to the average life expectancy by the year 2000 if the recent quickening of gains in life expectancy continues.[4] (See Figure 2.)

[3]U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 59, p. 43.

[4]Dorothy P. Rice, "Long Life to You," *American Demographics*, October 1979.

Figure 2.

Life Expectancy, 1950-2000

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SOURCE: Dorothy P. Rice, "Long Life to You," *American Demographics*, October 1979. This chart reprinted with permission from *American Demographics* magazine, copyright © 1979.

6. Since 1970, minority populations 65 years and over grew more rapidly than the older White population.

Between 1970 and 1980, the older Hispanic population swelled by 86%, more than twice as quickly as Blacks (34%) and three times as fast as Whites (25%) in that age group. However, older people still make up a smaller proportion of the Black and Hispanic populations than of the White population primarily because minority birth rates are higher.

Table 7.

Racial and Ethnic Background of Persons 65 Years and Older, 1970-1980

Racial/ ethnic group	1970		1980	
	Number age 65 and older (in 1,000s)	As percent of total population in racial/ ethnic group	Number age 65 and older (in 1,000s)	As percent of total population in racial/ ethnic group
White	18,360	10.3	22,944	12.2
Black	1,586	7.0	2,086	7.9
Hispanic	382	4.1	709	4.9

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 85 and Series P-20, No. 363 and *1970 Census of the Population*, PC(1)C1.

7. The educational attainment of older people, while still below that of the general population, is higher today than in the past.

The proportion of older persons with four years of high school or more doubled between 1960 and 1980, from 19.1% to 40.7%. The share of older Americans with some college education also rose quickly over the past 20 years.

In general, younger adults of today have completed more years of schooling than young adults of previous generations. It follows, then, that they—the older people in the future—will be better educated than those today.

Table 8.

Years of School Completed, 1960-1980

	Percent completing		
	4 years of high school or more	1 year of college or more	4 years of college or more
1960			
Total population, 25 years and over	41.0	16.4	7.6
Persons 65 years and over	19.1	9.2	3.7
1970			
Total population, 25 years and over	55.2	21.2	11.0
Persons 65 years and over	28.3	12.6	6.3
1980			
Total population, 25 years and over	68.7	31.9	17.0
Persons 65 years and over	40.7	16.7	8.5

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 363 and *U.S. Census of Population*, 1960, PC(1)1D.

8. Older men are most likely to be married while older women are most likely to be widowed.

Older men are twice as likely to be married as older women. About 75% of all men 65 years of age and over were married in 1979, compared to 37% of all older women. (See Table 9.) Over one-half (52%) of all women in the older age category were widowed while only 14% of men were widowed in 1979. Little change has occurred in the marital distribution of the older population over the past two decades, with two notable exceptions: 1) there has been a substantial increase in the proportion of older men and women who are separated or divorced, and 2) the proportion of older men who are widowed has declined somewhat.

Table 9.

Marital Status of Older Americans, 1960-1979

	Single	Married	Widowed	Separated/ Divorced	Total
	%	%	%	%	%
Women, 65 and older					
1960	8.5	37.1	52.9	1.5	100.0
1970	7.7	35.6	54.4	2.3	100.0
1979	6.1	36.9	52.2	4.9	100.0
Men, 65 and older					
1960	7.1	72.5	18.8	1.6	100.0
1970	7.5	73.1	17.1	2.3	100.0
1979	5.4	74.6	14.1	5.9	100.0

NOTE: Percentages might not total 100% due to rounding.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-23, No. 59 and Series P-20, No. 349.

Table 10.

Living Arrangements of Non-institutional Population, 65 Years and Over, 1965-1979

	1965		1979	
	Number (In 1,000s)	Percent	Number (In 1,000s)	Percent
Men, Aged 65 and Over	**7,633**	**100.0**	**9,548**	**100.0**
In family households	6,350	83.2	7,856	82.3
In husband-wife families	5,375	70.4	7,121	74.6
In nonfamily households/ group quarters	1,283	16.8	1,693	17.7
Living alone	1,033	13.5	1,472	15.4
Women, Aged 65 and Over	**9,727**	**100.0**	**13,627**	**100.0**
In family households	6,398	65.8	7,709	56.6
In husband-wife families	3,467	35.6	5,024	36.9
In nonfamily households/ group quarters	3,329	34.2	5,918	43.4
Living alone	2,910	29.9	5,595	41.1

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, Nos. 144 and 349.

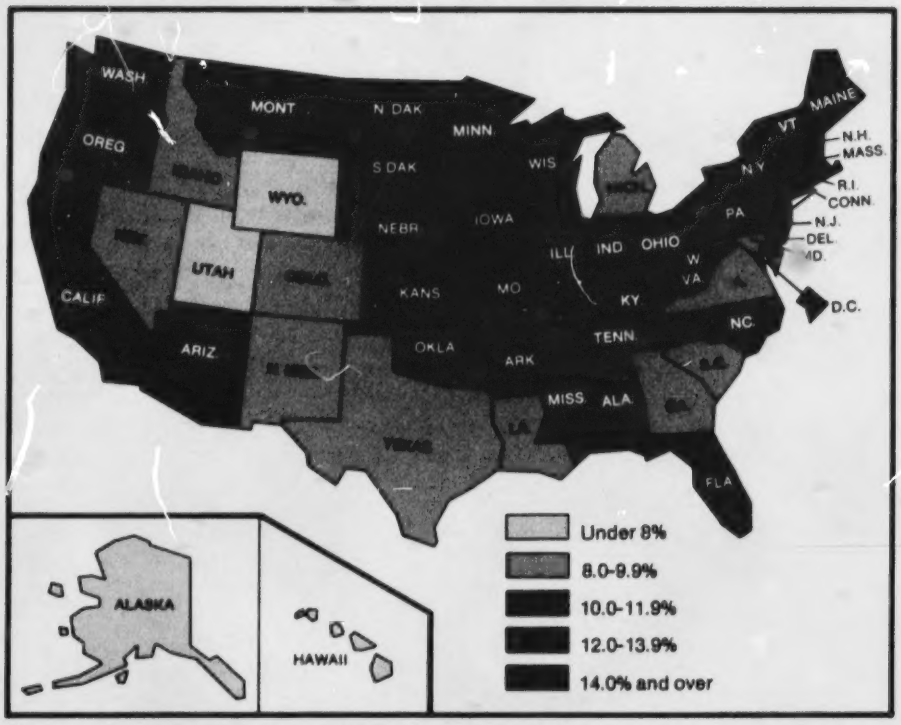
Most elderly persons live in family households but the number of older women living alone has increased tremendously since the 1960s, almost doubling between 1965 and 1979. (See Table 10.) The number of older men living alone grew at less than half that rate. In 1979, older women were more likely to be living alone (41%) than with a spouse (37%), a situation quite the opposite of that for men. Comparatively very few men live alone during their later years.

9. Central and Northeastern states had the highest proportions of older residents in 1980.

In 1980 the proportions of elderly persons in the 50 states and the District of Columbia ranged from 2.9% in Alaska to 17.3% in Florida (compared to the national average of 11.3%). In general, Western states had the lowest proportions of older persons, with the exceptions of Oregon and Arizona, both having over 11%.

Figure 3.

Persons 65 Years and Older as a Proportion of States' Populations, 1980



SOURCE: U.S. Bureau of the Census, *1980 Census of Population*, PC 80-S1-1.

The South was the favorite destination of those older Americans who moved from one geographic region to another in the late 1970s. (See Table 11.) However, relatively few elderly persons are movers. Between 1975 and 1979, just 17% of all persons 65 years and over changed residence compared to 40% of the total population,[5] and if mortgage rates remain high it is possible that these figures will decline.

Table 11.

Interregional Migration of Older Americans, 1975-1979

Persons 65 years and over who moved between 1975 and 1979 from another region to:	Number (In 1,000s)	Percent
South	254	51.5
West	132	26.8
Northeast	40	8.1
North Central	67	13.6
Total interregional migrants, 65 years and over	493	100.0

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 353.

10. More than 6 of every 10 older Americans live in a metropolitan area, a slightly smaller proportion than for the population as a whole.

Between 1970 and 1978, the metropolitan central city elderly population declined while older populations outside the metropolitan central cities (the suburbs) and in nonmetropolitan areas increased. In 1970, a greater percentage of the older population lived in the central city area than in the metropolitan suburban area outside the central cities. By 1978, the situation had reversed.

There may be an even greater proportion of older persons living in suburbia in the years ahead. Suburban areas which attracted young post-World War II settlers may soon find themselves with aging enclaves.[6]

[5]U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 353, pp. 13 and 14.

[6]Jacob S. Siegel, "On the Demography of Aging," *Demography*, Vol. 17, No. 4, November 1980, p. 353.

Table 12.

Metropolitan-Nonmetropolitan Residence of Persons 65 Years and Older, 1970 and 1978

	1970		1978	
	Number (In 1,000s)	Percent	Number (In 1,000s)	Percent
Metropolitan	12,897	64.2	14,000	62.3
Central city	(6,863)	(34.1)	(6,700)	(29.8)
Outside central city	(6,034)	(30.0)	(7,300)	(32.5)
Nonmetropolitan	7,205	35.8	8,467	37.7
TOTAL	20,102	100.0	22,468	100.0

NOTE: Figures may not add to totals due to rounding.

SOURCE: U.S. Bureau of the Census, *1970 Census of Population*, PC(1)-C1 and *Current Population Reports*, Series P-23, No. 85.

11. Fewer than 2 in 10 men 65 years and over were in the labor force in 1980, compared to about 5 in 10 in 1950.

While the number of men 65 years and over in the civilian noninstitutional population increased by 4.5 million between 1950 and 1980, the number participating in the civilian labor force—both full-time and part-time—actually declined by 577,000.

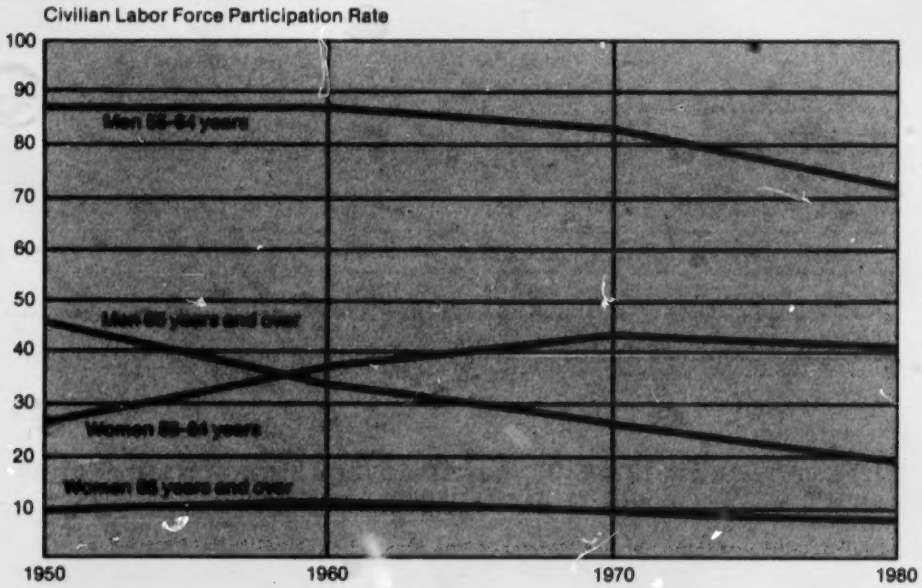
In addition, proportionately fewer men in the 55 to 64 age bracket are working now than 10 years ago (See Figure 4). The labor force participation rate of these men remained fairly stable between 1950 and 1970 but has dropped significantly since then. Several factors have contributed to the rapid decline in labor force participation among older men, including increased Social Security benefits and more widespread private pension availability.

The labor force participation rate for women aged 55 to 64, on the other hand, was much greater in 1970 (43%) than in 1950 (27%) but the rate edged down slightly to 41.5% by 1980. For women 65 years and over the trend since 1960 has been away from the labor force, but the trend is not as dramatic as with men of that age.

Older workers are more apt to be on part-time work schedules and their likelihood of working part-time has increased over the past few decades. (See Table 13.)

Figure 4.

Employment Status of Older Women and Men, 1950-1980



SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 363 and Series P-23, No. 59.

Table 13.

Part-time Workers in Civilian Labor Force, 1970 and 1980

	1970		1980	
Part-time labor force	Number (in 1,000s)	As a % of women/men of specified age in civilian labor force	Number (in 1,000s)	As a % of women/men of specified age in civilian labor force
Women				
16 years and over	7,611	24.1	10,422	23.4
55 years and over	1,388	26.6	1,647	28.7
Men				
16 years and over	4,085	8.0	4,951	8.2
55 years and over	1,114	12.0	1,232	13.6

SOURCE: U.S. Bureau of Labor Statistics, *Employment and Earnings*, January 1981 and January 1971.

12. Labor force observers disagree on the future course of work force participation of older Americans.

Analysts at the U.S. Bureau of Labor Statistics (BLS) foresee a continued drop in the labor force participation pattern of men 55 years and over from 1980 to 1990. The number of older women in the labor force, under the intermediate growth assumption of the BLS, would rise during the early 1980s and then edge downward slightly toward the end of the decade.

Projections by other organizations suggest the possibility of a reversal of the early retirement trend. The Work in America Institute, for example, recommends "that planning for the 1980s give as much weight to the possibility that the labor force participation by older workers will plateau or rise as to the BLS projections that it will decrease."[7] The Institute offers two alternative growth projections which, along with the intermediate BLS figures, are shown in Figures 5 through 8.

Of course, future choices beween work or retirement hinge on many factors including the level of inflation, the supply of younger workers, the expansion of part-time and other flexible work opportunities for older people, the passage of legislative changes in Social Security program eligibility and benefits, the elimination of mandatory retirement age, or indexation of pension benefits.

Civilian Labor Force, 1979-1990

Figure 5. Men 55-64 Years

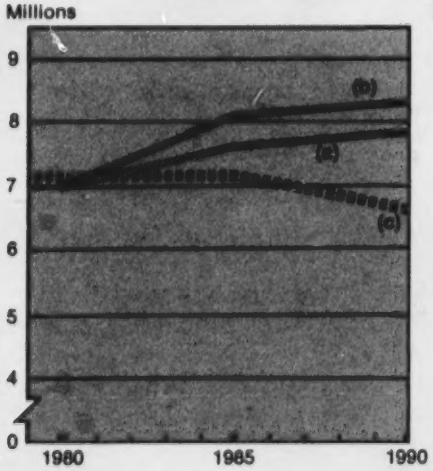
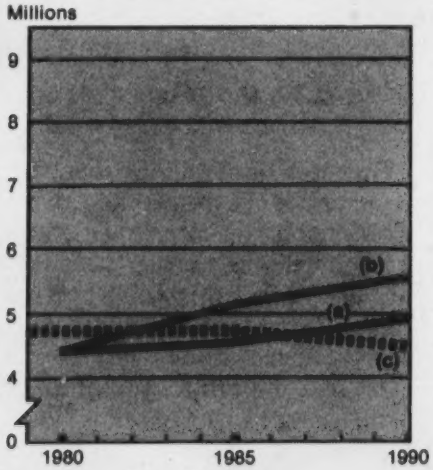


Figure 6. Women 55-64 Years



(See Figures 7 and 8 for Note and Source)

[7] Work in America Institute, *The Future of Older Workers in America*, Scarsdale, N.Y., 1980, p. 54.

Figure 7. Men 65 Years and Over

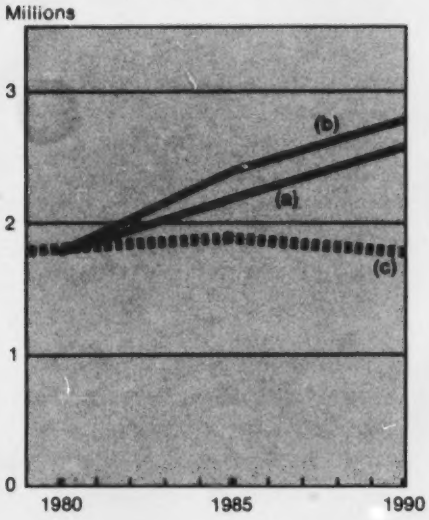
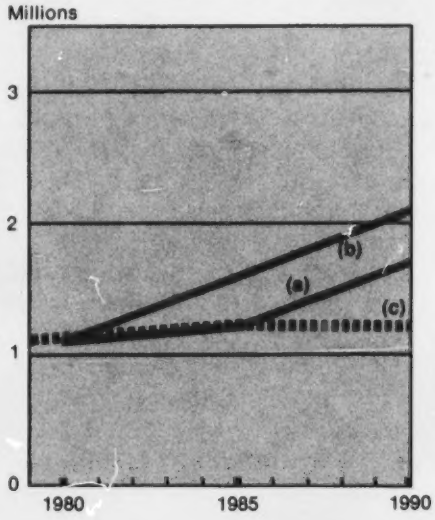


Figure 8. Women 65 Years and Over



(a) = Alternative Growth Assumption A—that labor force participation rates will plateau.
(b) = Alternative Growth Assumption B—that labor force participation rates will rise.
(c) = Intermediate Growth Assumption, Bureau of Labor Statistics—that labor force participation rates will decline.

SOURCE: Work in America Institute, Inc., *The Future of Older Workers in America*, Scarsdale, N.Y., 1980; and U.S. Bureau of Labor Statistics, Howard N Fullerton, Jr., "The 1995 Labor Force: A First Look," *Monthly Labor Review*, December 1980.

13. In 2030, the ratio of older people to working-age people will be over two times as great as it was in 1950.

The aged dependency ratio, although not a true indicator of how many working people are available to support aged dependents, is nonetheless a widely used measure of societal support of the elderly. The ratio is based solely on the number of all persons in certain age categories and not the number of working people in these categories, which is far more difficult to predict. Nonetheless, it does give some clue to the potential burdens on Social Security and private pension funding.

In 1950, the proportion of persons 65 years and over to those 18 to 64 years was 0.13, or 1 older person for every 8 younger persons. In 2030, the proportion will jump to 0.32, or 1 older person for every 3 persons between the ages of 18 to 64. In 1980, the ratio was 0.19, a figure not expected to change much for the next three decades.

Table 14.

Aged Dependency Ratios, 1950-2050

	Ratio of population 65 years and over to population 18-64 years
1950	0.13
1960	0.17
1970	0.17
1980	0.19
1990	0.20
2000	0.20
2010	0.20
2020	0.26
2030	0.32
2040	0.31
2050	0.30

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-20, No. 59 and Series P-25, No. 704; *1980 Census of Population*, PC80-S1-1.

14. About 6 in 10 persons 65 years and older described their health as "good" or "excellent" in 1980, up from about 5 in 10 in 1972.

Various surveys on the health status of the population dispel stereotypes of elderly persons as "frail" or "sickly." While it is true that many older people suffer from chronic health conditions like heart disease, arthritis, and diabetes, most of the noninstitutionalized elderly say they are in good or excellent health. (See Table 15.) Elderly Blacks are twice as likely as Whites to say their health is poor.[6]

The majority of older people do not have to restrict their activities in some way because of health conditions. (See Table 16.) Older people are confined to their beds for disabilities at twice the rate of and for a longer time than the general population. In 1978, persons 65 years and over had an average of 14.5 days of bed disability compared to only 7.1 days for persons of all ages, about the same figures as in 1972. However, older persons are not as likely as others to suffer injuries. Persons over 65 years of age were injured at the rate of 21.9 persons per 100 in 1978, while the injury rate for the total population was 31.6 persons per 100.

[6] "National Survey of the Black Aged," *Social Security Bulletin*, July 1978, p. 33.

Table 15.

Self Assessment of Health, 1972 and 1980

Question: Would you say your own health, in general, is excellent, good, fair, or poor?

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NOTE: Percentages may not total 100% due to rounding.

SOURCE: James Allan Davis, Principal Investigator, *General Social Surveys, 1972-1980: Cumulative Codebook*, National Opinion Research Center, 1980, and unpublished data.

Table 16.

Selected Health Indicators for Total Population and Population 65 Years and Over, 1972 and 1978

	1972		1978	
	All ages	65 years and over	All ages	65 years and over
Percent with activity limitation*	12.7	43.2	14.2	45.0
In major activity	9.6	37.9	10.6	38.3
Days of restricted activity per person per year	16.6	36.5	18.8	40.3
Days of bed disability per person per year	6.5	14.1	7.1	14.5
Persons injured per 100 persons per year	31.5	21.3	31.6	21.9
Days of bed disability due to injury per 100 persons per year	80.3	195.2	86.4	161.8

*Due to chronic conditions.

SOURCE: National Center for Health Statistics, *Vital and Health Statistics*, Series 10, Numbers 85 and 130.

The number of older Americans in nursing homes is on the rise, as seen in Table 17, increasing 17% between 1973 and 1977 compared to an estimated overall 10% increase in the older population. In 1977, the number of elderly persons in nursing homes represented 3.8% of all persons 65 years and older. Persons 85 years and over are far more likely to be living in nursing homes than those aged 65 to 84. If current trends in the use of nursing homes continue, the number of nursing home residents will increase 54% by the year 2000 and 132% by 2030 to almost 3 million residents, according to a recent study.[9]

Table 17.

Nursing Home Residents, 1973-74 and 1977

	1973-74		1977	
Age	Number	As a % of total population in age group (estimated)	Number	As a % of total population in age group (estimated)
65-74 years	163,000	1.2	211,400	1.5
75-84 years	384,900	5.9	464,700	6.8
85 years and over	413,600	25.4	449,900	21.0
Total, 65 years and over	961,500	4.5	1,126,000	3.8

NOTE: Data are based on a sample of nursing homes.

SOURCE: U.S. Public Health Service, *Health United States, 1979.*

[9]Margaret Gibelman, "The Need for Long Term Care: An Overview," National Conference on Social Welfare, August 1981, p. 12.

ECONOMIC CHARACTERISTICS

1. On the whole, older people today are better off financially than those of the past decades.

A significant trend among the elderly over the past two decades has been their increasing financial well-being. In fact, between 1959 and 1980 the median incomes of both men and women 65 years and over rose at a greater pace than the incomes of men and women in the overall population.

Table 18.

Median Income of Selected Groups, 1959-1980

	All persons with incomes, 14 years and older*	Persons with incomes, 65 years and older	Year-round, full-time workers, 65 years and older
Women			
Current Dollars			
1959	$ 1,222	$ 797	$ 2,266
1969	2,132	1,397	4,705
1980	4,920	4,226	12,342
Constant 1959 Dollars**			
1959	1,222	797	2,266
1969	1,695	1,111	3,741
1980	1,739	1,494	4,362
Men			
Current Dollars			
1959	3,996	1,576	3,977
1969	6,429	2,828	6,581
1980	12,530	7,342	17,307
Constant 1959 Dollars**			
1959	3,996	1,576	3,977
1969	5,112	2,248	5,232
1980	4,429	2,595	6,117

*For 1980, data are for persons 15 years and older.

**Reflects adjustments for price changes since 1959.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, Nos. 35, 75 and 127.

Table 18 shows that while the median income (in constant 1959 dollars) for all women grew by 42% from 1959 to 1980, the median income for older women in general nearly doubled. The same general trend is evident among men as well. However, the percentage increases between 1959 and 1980 of the median incomes for men of various ages were not quite as significant as those for women. The constant dollar income of all men 14 years and over with incomes gained about 11% between 1959 and 1980, while that for all older men with incomes increased 65%. The increased prosperity among older people has been attributed mostly to gains in Social Security benefits and broadened pension coverage, particularly during the decade of the 1970s.

Older year-round, full-time workers earn considerably more money than all older persons and, as seen in Table 18, they earn even more than all persons in general over the age of 14 who have incomes. In 1980, for example, the median income (in current 1980 dollars) of women working year-round, full-time was almost three times that of all older women and two-and-one-half times the median income of women 14 years and older. However, note that less than 1 in 10 older women and 2 in 10 older men were in the labor force in 1980. (Refer to Figure 4, page 18.) Even fewer older persons were working on year-round, full-time schedules.

Despite the dramatic upswings in the income of the elderly population over the last two decades, the financial status of older families, as might be expected, is considerably below the position of younger families with householders in their prime working years. The median income of families with householders aged 65 and over in 1980 was $12,881. This figure is approximately one-half the median income of families with householders between the ages of 25 and 64.[10]

How much money is needed for a couple to maintain the same standard of living after retirement as before? The President's Commission on Pension Policy has recently released figures that show retirement income equivalents for a range of preretirement incomes for married couples retiring in 1980. (See Table 19.) A couple earning $50,000 prior to retirement would need $27,384 (or 55%), according to the government formula, to maintain an equivalent retirement standard of living. Couples with lower preretirement incomes would need a higher retirement income ratio. For example, married couples earning $10,000 prior to retirement would need 78% of that amount to maintain an equivalent income after retirement. In figuring these retirement income equivalents, consideration is given to preretirement and retirement differences in taxes, work-related expenses and savings and investments.

[10]U.S Bureau of the Census, *Current Population Reports*, Series P-60, No. 127, p. 16.

Table 19.

Retirement Income Equivalent to Preretirement Income for Married Couples Retiring in 1980

Gross Pre-Retirement Income	Preretirement Taxes		Disposable Income	Work Related Expenses[3]	Savings &	Investments	Net Pre-Retirement Income	Post Retirement Taxes[4]		Equivalent Retirement Income	
	Federal[1]	State & Local[2]						Federal Income	State & Local	Dollars	Ratio
$ 6,500	$ 549	$ 29	$ 5,922	$ 355	0%	$ 0	$ 5,567	$ 0	$ 0	$ 5,576	.86
10,000	1,311	133	8,556	513	3	251	7,786	0	0	7,786	.78
15,000	2,550	310	12,140	728	6	728	10,684	0	0	10,684	.71
20,000	3,968	520	15,512	931	9	1,396	13,185	0	0	13,185	.66
30,000	6,986	1,061	21,950	1,317	12	2,634	17,999	53	10	18,062	.60
50,000	15,202	2,622	32,176	1,931	15	4,826	25,419	1,651	314	27,384	.55

[1]Federal income and Social Security (OASDHI) taxes.

[2]Based on state and local 1978 income tax receipts which were 19% of federal income tax receipts. Does not include property tax.

[3]Estimated as 6% of disposable income.

[4]Post retirement taxes are on income in excess of Social Security benefits which are non-taxable. Retirees without Social Security benefits would need higher replacement ratios.

SOURCE: Preston C. Bassett, Consulting Actuary, President's Commission on Pension Policy, 1980, as reported in the U.S. President's Commission on Pension Policy, *An Interim Report*. Chicago: Commerce Clearinghouse, 1980.

2. Despite the improvement in the economic status of many elderly persons over the last 20 years, approximately 1 of every 6 Americans over the age of 65 lives in poverty.[11]

Although the 1980 poverty rate among older persons is half that of 1959, there is some evidence of a slight increase in the proportion of the elderly below the poverty line between 1978 and 1980, from 13.9% to 15.7%.

Older people are more likely to be poor than younger people. And among the older population, poverty is felt inequitably by different groups. An elderly person is more apt to be poor if a woman, or Black, or Hispanic, or not part of a family unit.

Table 20.

Percent of Persons 65 and Over in Poverty, 1959-1980

	1959	1970	1980
	%	%	%
All persons 65 years and over	35.2	24.6	15.7
In families	26.9	14.8	8.5
Head	29.1	16.5	9.1
Male	29.1	15.9	8.2
Female	28.8	20.1	15.2
Other family members	24.6	13.0	7.8*
Unrelated individuals	61.9	47.2	30.6
Male	59.0	38.9	24.4
Female	63.3	49.8	32.3
White	33.1	22.6	13.6
Black	62.5	47.7	38.1
Hispanic	N.A.	N.A.	30.8

*Other family members in families with married couples only; the 1980 figure for other family members in families without married couples was 6.7%.

N.A. = Not available.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, No. 127 and unpublished data and the President's Commission on Pension Policy, "Demographic Shifts and Projections: The Implications for Pension Systems," 1980.

[11]Government poverty statistics, based on a poverty index developed by the Social Security Administration and revised annually, provide a range of income cutoffs adjusted by such factors as family size, sex of householder, number of children under 18 years and farm-nonfarm residence.

Some poverty analysts are critical of the government's index of poverty as an accurate measure of the number of needy. For those who contend that noncash benefits—like Medicare, visiting nurse services, or nutritional programs—should be figured into the formula, the official number of older persons in poverty seems too high. For those who believe that the government threshold of poverty in 1980 at $4,954[12] for an older couple is extremely low, the government's number of poor persons is underestimated.

3. Social Security is the most frequently tapped income source among older people but it provides considerably less income per person than most other sources.

In 1978, 9 of every 10 persons 65 years and older (with an income) received Social Security or railroad retirement benefits. The median Social Security and railroad retirement income for women was considerably lower than that for men, $3,406 compared to $5,766 for men.

Table 21.

Type of Money Income of Older Persons, 1978

	Persons 65 Years or Older with Income					
	Men			Women		
Income from:	Number (in 1,000s)	% of All Men 65 and Over	Median Income	Number (in 1,000s)	% of All Women 65 and Over	Median Income
Wage or salary	1,882	20	$9,605	1,391	11	$6,453
Nonfarm self-employment	562	6	9,678	242	2	5,216
Farm self-employment	371	4	8,275	129	1	5,835
Dividends, interest, rent	6,066	64	7,440	7,167	54	4,580
Social Security or railroad retirement	8,567	90	5,766	12,190	92	3,406
Supplemental security	537	6	2,820	1,363	10	2,618
Public assistance/welfare	73	1	*	157	1	2,587
Veterans/Unemployment/ Worker's Compensation	708	7	6,155	583	4	4,013
Retirement (pensions/annuities)	3,366	35	8,209	2,323	18	6,674
Other	142	1	8,154	226	2	4,892
TOTAL	9,501	100	$5,966	13,208	100	$3,380

*Base for derived figures is less than 75,000.

NOTE: Numbers do not add to totals because of multiple income sources.

SOURCE: U.S. Bureau of the Census, *Current Population Reports*, Series P-60, No. 123.

[12]U.S. Bureau of the Census, *Current Population Reports*, Series P-60, No. 127.

Among all the money income sources of a man 65 years and older, job earnings supplied the most money in 1978, with a median figure of $9,605. However, only 20% of men 65 years and above reported this type of income. The median income received by an older woman, on the other hand, was highest from pensions and annuities ($6,674), closely followed by wage or salary income ($6,453). But only a small share of elderly women actually receive such income: 18% report pension and annuity income and 11% wages or salaries.

Job earnings are becoming a smaller share of older persons' incomes while income maintenance programs of the government are comprising a larger share.[13]

4. Older people are more secure about their financial future than younger people. Also, retirees feel more comfortable about their income than do nonretired persons about their future retirement income.

A plurality of retired persons (46%), responding to a national attitudinal survey conducted by the American Council of Life Insurance in 1976 and 1981, said their income enabled them to live comfortably.

Table 22.

Adequacy of Retirement Income, 1977 and 1981

Question: "Which one of these statements best expresses your feelings about the income—from all sources—that you can look forward to when you retire?"

	1977		1981	
	Nonretired	Retired	Nonretired	Retired
It will enable me to live comfortably when retirement comes.	34	46	28	46
It will be just enough to cover living costs.	18	34	18	37
It will really not be enough to live on.	11	15	12	10
I don't really know what my retirement income will amount to.	37	6	42	7
TOTAL	100	100	100	100

NOTE: Percentages may not total 100% due to rounding.

SOURCE: American Council of Life Insurance.

[13]Juanita M. Kreps, "Aging and Financial Management," in Matilda W. Riley, John W. Riley, Jr. and Marilyn E. Johnson (eds.), *Aging and Society, Vol. II, Aging and the Professions*, Russell Sage Foundation, NY, 1969.

Nonretired respondents to the survey were cautious about estimating the adequacy of their retirement income: only 28% in 1981 felt it would be enough to live comfortably, down from 34% in 1977.

Looking ahead at their finances, persons 65 years and over feel more security than younger persons. (See Table 23.) In 1981, 73% of older persons in a Council survey felt "very" or "somewhat secure" about their financial future, compared to 60% of respondents under the age of 65. Since 1976, the proportion of younger persons who felt "very" or "somewhat secure" about their financial future declined while the share of older persons increased slightly.

Table 23.

Degree of Security About Financial Future, 1976 and 1981

Question: "Looking ahead for a moment, do you feel: very secure about your financial future, somewhat secure, somewhat insecure, or very insecure?"

	1976		1981	
	Below 65 years	65 years and over	Below 65 years	65 years and over
	%	%	%	%
Very secure	17	26	13	27
Somewhat secure	50	43	47	46
Somewhat insecure	23	25	27	20
Very insecure	10	6	13	7
TOTAL	100	100	100	100

SOURCE: American Council of Life Insurance.

SOME IMPLICATIONS FOR LIFE INSURANCE COMPANIES

The increase in the ranks of the older population over the next 50 years will pose some unprecedented burdens on American society. Perhaps the most difficult question facing public and private institutions is what to do right now to help ease the transition to tomorrow's age structure. As Congress struggles with the problem of assuring adequate funding for the Social Security System, so must private businesses deal with issues such as pressures on pension funding, aging markets and changing retirement trends.

In this section, *DataTrack* identifies some of the implications of an aging population for the life insurance business. The list of implications is intended to serve as a starting point for further interpretation and discussion by life insurance companies. (Also, see *DataTrack* 8, "A Population Profile: The 1980s and Beyond," for additional implications of the changing age structure of the American population.)

It is important to recognize the differences between older people now and in the future in planning life insurance products and services.

- It is important to recognize the differences between older people now and in the future in planning life insurance products and services. Older people of the future will not have the same characteristics as those of today. For instance, future generations of older people will have attained a higher level of education and may want to pay closer attention to a complex array of financial planning products than older persons today. There will be more competition from other financial institutions for products and services that meet the needs of a more educated and older market. Some companies already are sensing this and have begun to expand into other financial services areas.

- Not only are more people surviving to the age of 65, but once they reach that age their chances for living even longer have improved. Increases in life expectancy coupled with early retirement mean a greater number of years to plan for financially. Financial vehicles such as the Reverse Annuity Mortgage and adequate preretirement counseling and planning by life insurance companies may develop to ease money strains of a long retirement. The emphasis of personal savings is needed in life insurance marketing and public communication strategies, especially in view of high levels of inflation. As the average life expectancy lengthens, a larger and larger financial cushion will be required than initially planned to maintain a consistent standard of living in retirement. This presents an opportunity to life insurance businesses to develop products and services that will meet the increasing financial needs of the older population.

- Growing numbers of very old persons will generate increasing demand for health services, financial services and social support systems. Are the public and private sectors preparing adequately for these changing demands?
- Families with two generations of older persons will become more common. As a result, greater demands will be placed on family resources. Middle-age families may feel the burden of carrying college costs for their children as well as contributing to the support of retired parents and grandparents. Older workers may be less likely to retire if they have parents to provide for. And, with the increasing participation of women in the work force, who will replace these traditional caretakers of older family members? What role can life and health insurers play in helping families plan for these financial burdens?
- If birth rates remain low, the strains of supporting a growing number of older people in Social Security and pension programs will be accentuated. The number of pension beneficiaries will be increasing at the same time that the growth in the working-age population will be slowing. To insure adequate pension funding in the years ahead, pension policymakers will need to grapple with several key issues. Raising or eliminating mandatory retirement ages might ease some of the troubles of an eroding base for pension funding, but such a plan would create difficulties for estimating the costs of pension programs. As encouragement for older persons to fill labor shortages by staying on the job or returning to the work force from retirement, employers might make available greater opportunities for job retraining or more flexible work arrangements like job sharing, flextime and part-time jobs.
- Will the mounting expenses of supporting Social Security and pensions for a growing elderly population be accepted willingly by younger people or will there be increasing resentment and conflict between younger and older generations? Also, if more older Americans choose to stay in the work force, will tensions develop around intergenerational competition for jobs and promotions?